

Message Text

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17

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 OIC-02 AF-06 NEA-09 /131 W

----- 022902

R 050834Z MAY 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 75

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THEHAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICOCITY

AMEMBASSY NEWDELHI

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: MTN: NTM SUBGROUP ON QUANTITATIVE RESTRICTIONS

DEPT PASS STR

REF: GENEVA 3052 NOTAL

1. SUMMARY: NTM SUBGROUP AGREED TO PROCEDURES FOR BILATERAL AND PLURILATERAL CONSULTATIONS ON SPECIFIC QUANTITATIVE RESTRICTIONS (QRS) BEGINNING LATTER HALF OF JUNE. RESULTS OF CONSULTATIONS AND FURTHER NEGOTIATING PROCEDURES WILL BE CONSIDERED BY SUBGROUP IN SEPTEMBER. QRS ON AGRICULTURAL PRODUCTS, ONE OF ISSUES THAT DOMINATED MEETING, WILL BE PART OF SUBGROUP WORK BUT EC INDICATED ITS INTENTION TO CONSIDER SUCH QRS IN AGRICULTURE GROUP (SEE REFTEL). END SUMMARY.

2. NTM SUBGROUP ON QRS AND IMPORT LICENSING PROCEDURES MET APRIL 22-30. CHADHA (INDIA) ELECTED CHAIRMAN AND UNCTAD OBSERVER INVITED. MEETING FOCUSED ON AUSTRALIAN PROPOSAL FOR BILATERAL AND PLURILATERAL CONSULTATIONS ON SPECIFIC QRS (MTN/NTM/W/9), CANADIAN PROPOSAL FOR REQUEST AND OFFERS ON QRS (MTN/NTM/W/6) AND ISSUES OUTLINED IN SECRETARIAT NOTE (MTN/NTM/W/2). SUBGROUP CONSIDERATION OF IMPORT LICENSING PROCEDURES REPORTED SEPARATELY.

3. IN OPENING STATEMENT EC (ABBOTT) DECLARED, INTER ALIA, THAT "IN ACCORDANCE WITH THE CONCLUSION EXPRESSED BY THE CHAIRMAN OF THE TNC, WE CONSIDER THAT QRS IN THE AGRICULTURAL SECTOR ARE SO CLOSELY LINKED WITH AGRICULTURAL POLICY IN GENERAL THAT DISCUSSION OF THEM CAN ONLY BE USEFULLY PURSUED IN THE CONTEXT OF THE WORK OF THE AGRICULTURAL GROUP." EC VIEWS SUPPORTED BY NORDICS, AUSTRIA, AND SWITZERLAND, AND, WITH LESS CONVICTION, BY JAPAN.

4. U.S. (KELLY) RESPONDED THAT AGRICULTURE, LIKE WAR AND GENERALS, IS "TOO IMPORTANT A SUBJECT TO LEAVE TO THE AGRICULTURE GROUP," CITING WIDESPREAD SUPPORT FROM ARGENTINA, AUSTRALIA, CANADA, INDIA, KENYA, MEXICO, NEW ZEALAND, NIGERIA, POLAND, ROMANIA, SPAIN AND ANDEAN GROUP. THIS ELICITED STRONG REACTION FROM EC THAT ONE OR MORE DELS APPEAR TO BE SEEKING A CONFRONTATION ON AN IMPORTANT ISSUE THAT IS YET UNRESOLVED IN THE AGRICULTURE GROUP.
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5. U.S. RETORTED THAT WE WERE NOT SEEKING A CONFRONTATION BUT RATHER AN UNDERSTANDING THAT DISCUSSION OF AGRICULTURAL ISSUES WILL NOT BE BLOCKED WHEN THEY ARISE IN THE TARIFF AND NONTARIFF MEASURES GROUPS. THIS WOULD NOT PREVENT AGRICULTURE GROUP FROM TAKING UP ANY ISSUE. HOWEVER, THIS DOES NOT MEAN THAT AGRICULTURE GROUP HAS EXCLUSIVE JURISDICTION OVER AGRICULTURE. THEREFORE, NO DEL SHOULD BLOCK DISCUSSION OF AGRICULTURAL QRS IN THIS SUBGROUP.

FURTHERMORE, THIS KIND OF QFLEXIBILITY SHOULD APPLY TO ALL GROUPS
AND NOT JUST AGRICULTURE.

6. U.S. AND EC POSITIONS PROMPTED NEED FOR RESTRICTED MEETINGS
TO RESOLVE ISSUE. SOLUTION FINALLY REACHED THAT WILL ALLOW DIS-
CUSSION OF AGRICULTURAL QRS IN SUBGROUP BY THOSE COUNTRIES DESIRING
TO DO SO. EC CLEARLY INDICATED ITS INTENTION TO CONSIDER QRS IN
AGRICULTURE GROUP. UNCLEAR WHETHER DELS THAT INITIALLY SUPPORTED
EC VIEW WILL TAKE SAME POSITION. TEXT OF CHAIRMAN'S SUMMING-UP
ON THIS ISSUE CONTAINED IN REFTEL.

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STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 OIC-02 AF-06 NEA-09 /131 W
----- 023104

R 050800Z MAY 75
FM USDEL MTN GENEVA
TO SECSTATE WASHDC 76
INFO AMEMBASSY BONN
AMEMBASSY BRASILIA
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY BUENOS AIRES
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7. SUBGROUP ALSO CONSIDERED OTHER QR ISSUES UNDER SEVERAL MAJOR HEADINGS:

(A) LEGAL/ILLEGAL QRS. U.S. POSITION ON ELIMINATION OF ILLEGAL QRS AND NEGOTIATION OF LEGAL QRS RECEIVED SUPPORT OF SEVERAL DELS, IN PARTICULAR, HONG KONG, BRAZIL, CZECHOSLOVAKIA, INDIA AND NEW ZEALAND. EC, SUPPORTED BY NORDICS AND AUSTRIA, FELT DISTINCTION WAS ARTIFICIAL AND REITERATED SUPPORT IN GATT COMMITTEE ON TRADE AND INDUSTRIAL PRODUCTS FOR OVERALL APPROACH DIRECTED AT GRADUAL LIBERALIZATION OF ALL QRS. BECAUSE OF WIDE DIFFERENCES OF OPINION ON LEGAL STATUS OF INDIVIDUAL QRS, SUBGROUP TENDED TO TAKE PRAGMATIC APPROACH TO LEGALITY ISSUE. HOWEVER, CHAIRMAN'S SUMMING-UP NOTED THAT SPECIAL ATTENTION SHOULD BE GIVEN TO QRS FOR WHICH NO CLAIM HAS BEEN MADE FOR THEIR JUSTIFICATION UNDER GATT.

(B) DISCRIMINATORY QRS. EAST EUROPEANS, LED BY POLAND, AND SUPPORTED BY JAPAN, KOREA AND HONG KONG, TOOK POSITION THAT DISCRIMINATORY QRS UNDER CERTAIN PROTOCOLS OF ACCESSION HAD NOT BEEN ADEUATELY DEALT WITH AND SHOULD BE ELIMINATED ON A PRIORITY BASIS. EC MAINTAINED THAT PROTOCOL REVIEW PROCEDURES SUFFICIENT TO DEAL WITH THESE QRS.

(C) EXPORT RESTRICTIONS. DISCUSSION REFLECTED DIVERGENCE OF VIEWS CONCERNING COMPETENCE OF SUBGROUP IN THIS AREA. EC RAISED ISSUE, NOTING APPLICABILITY OF ARTICLE XI, AND RECEIVED SUPPORT OF JAPAN AND U.S., BOTH CITING WIDER CONTEXT OF GENERAL SUPPLY ISSUES. CANADA, AUSTRALIA AND BRAZIL FELT THAT MORE PREPARATORY WORK WAS REQUIRED, PARTICULARLY NOTIFICATIONS TO THE NTM INVENTORY, BEFORE EXPORT RESTRICTIONS SHOULD BE DISCUSSED.

(D) QRS ON TEXTILES. LDC DELEGATIONS OPPOSED EC POSITION THAT TEXTILE QRS SHOULD BE REVIEWED IN CONTEXT OF MULTIFIBER ARRANGEMENT (MFA). THEY POINTED OUT THAT, SINCE MFA EXPIRES END 1977, TEXTILE QRS SHOULD BE SUBJECT TO NEGOTIATION IN SUBGROUP. AUSTRALIA ALSO STATED THAT TEXTILE QRS SHOULD BE CONSIDERED IN

SUBGROUP. OTHER DEVELOPED COUNTRIES, INCLUDING U.S., CONSPICUOUSLY SILENT THIS ISSUE.

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(E) SAFEGUARDS. WIDESPREAD SUPPORT OF MOST DELEGATIONS FOR JAPAN, EC AND U.S. VIEWS LINKING NEGOTIATIONS ON VOLUNTARY EXPORT RESTRAINTS, AS WELL AS SOME QRS, TO WORK IN SAFEGUARDS GROUP. SEVERAL LDC'S EMPHASIZED IMPORTANCE OF ALSO CONSIDERING EXPORT RESTRAINTS IN QR SUBGROUP.

(F) BALANCE OF PAYMENTS (BOP) QRS. U.S. EMPHASIZED IMPORTANCE OF RELATED GATT BOP COMMITTEE WORK AND INDICATED DESIRE FOR EXAMINATION OF BOP QRS TO CONTINUE, FOR PRESENT, IN BOP COMMITTEE. HOWEVER, AT SOME STAGE NEW RULES ON BOP MEASURES SHOULD BE DEVELOPED IN MTN.

(G) QRS OF INTEREST TO LDC'S. EXTENSION OF DIFFERENTIATED AND PREFERENTIAL TREATMENT TO LDC'S WIDELY ADVOCATED BY DEVELOPING COUNTRIES. NO SPECIFIC PROPOSALS MADE OTHER THAN REFERRAL TO EARLIER SUGGESTIONS BY INDIA AND BRAZIL IN COM.TD/W/188 AND COM/TD/W/198. SEVERAL DEVELOPED COUNTRIES, INCLUDING U.S., AGREED THAT PRIORITY ATTENTION SHOULD BE GIVEN TO REMOVAL OF QRS OF INTEREST TO LDC'S IN ACCORDANCE WITH PRINCIPLES OF TOKYO DECLARATION. U.S. ALSO INDICATED THAT IT EXPECTED LDC'S TO MAKE POSITIVE CONTRIBUTIONS TO QR NEGOTIATIONS.

(H) MEASURES HAVING EFFECTS SIMILAR TO QRS. U.S. RAISED ISSUES OF SCREEN TIME QUOTAS, MIXING REGULATIONS, VARIABLE LEVIES AND MINIMUM IMPORT PRICES. U.S. ARGUED THAT PROVISIONS OF ARTICLE XI APPLICABLE TO VARIABLE LEVIES AND MINIMUM IMPORT PRICES AND SHOULD BE DISCUSSED IN SUBGROUP. FOLLOWING EC INTERVENTION THAT BOTH ISSUES NOT COVERED BY ARTICLE XI, U.S. PRESSED ISSUE THAT VARIABLE LEVIES AND MINIMUM IMPORT PRICES HAVE QR EFFECT AND THEREFORE SHOULD BE INCLUDED IN WORK OF SUBGROUP. U.S. RESERVED RIGHT TO RAISE ISSUE AT JUNE MEETING OF NTM GROUP.

8. AUSTRALIAN PROPOSAL FOR CONSULTATIONS ON SPECIFIC QRS INCLUDED LISTING OF CATEGORIES OF QRS ACCORDING TO THEIR PURPOSE. SUCH AN ILLUSTRATIVE LIST INTENDED TO PROVIDE CONCEPTUAL FRAMEWORK FOR BILATERAL AND PLURILATERAL CONSULTATIONS BETWEEN COUNTRIES APPLYING QRS AND COUNTRIES AFFECTED BY THEM. HOWEVER, AFTER EXTENSIVE DISCUSSION SUBGROUP UNABLE AGREE ON LIST OF CATEGORIES BECAUSE OF DIFFERING VIEWS, PARTICULARLY WITH RESPECT TO AGRICULTURE AND EXPORT RESTRICTIONS.

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9. SUBGROUP AGREED, IN CONTEXT OF AUSTRALIAN PROPOSAL, TO UNDERTAKE DETAILED BILATERAL AND PLURILATERAL QR CONSULTATIONS. COUNTRIES DESIRING CONSULTATIONS SHOULD SUBMIT NOTIFICATIONS THROUGH SECRETARIAT BY END OF MAY. NOTIFICATIONS SHOULD IDENTIFY SPECIFIC QR AND COUNTRY INVOLVED. COUNTRIES SHOULD BE PREPARED TO INDICATE WHETHER QRS ARE MAINTAINED IN ACCORDANCE WITH GATT. DETAILED CONSULTATION AND JUSTIFICATION EXERCISE TO BEGIN IN LATTER HALF OF JUNE. AT NEXT MEETING, TARGETED FOR LATTER HALF SEPTEMBER, SUBGROUP WILL RECEIVE RESULTS OF CONSULTATIONS AND WILL CONSIDER ADDITIONAL PROCEDURES FOR NEGOTIATIONS, INCLUDING CANADIAN PROPOSAL FOR EXCHANGE OF QR REQUESTS AND OFFERS.

10. COMMENT: U.S. DEL BELIEVES MEETING HIGHLY SUCCESSFUL BECAUSE OF POSITIVE RESULTS ON AGRICULTURE AND LAUNCHING OF PROGRAM FOR NEGOTIATIONS ON QRS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE CONTROLS, NEGOTIATIONS, IMPORT LICENSES, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MTNGE03173
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750156-0718
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750581/aaaacwef.tel
Line Count: 295
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 GENEVA 3052
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by Izenbel0>; APPROVED <15 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MTN: NTM SUBGROUP ON QUANTITATIVE RESTRICTIONS DEPT PASS STR
TAGS: ETRD, GATT, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006